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SUBJECT: NEW SPANISH ENVIRONMENT OFFICIAL ON BIOTECH AND CLIMATE CHANGE

¶1. We met May 12 with the new Environment Ministry Secretary General for Pollution Prevention and Climate Change, Arturo Gonzalo Aizpiri. Our discussions focused on two of Gonzalo's key responsibilities: biotech and climate change.

Biotech

¶2. We emphasized to Gonzalo the USG's interest in the agricultural biotech issue - one we had discussed frequently with his predecessors. Gonzalo listened, but admitted that he is not yet read in on the issue. We mentioned Spain's recent change of vote in the Agriculture Council on GM sweet corn (BT-11) approval, (Spain went from "yes" to abstention, despite technical level recommendation for a positive vote) and told him we were unsure if the change represented a change in policy or merely reflected an initially cautious position from a new Administration. Gonzalo characterized the vote as "provisional" and confirmed that there is a need for further interministerial discussion on biotech policy.

Climate Change

¶3. Gonzalo was clearly much more up to speed on the climate change issue (see bio note para 7). We asked him about two pending plans: the National Emissions Allocation Plan, which was due to the European Commission by March 31, and the long-delayed Spanish National Climate Change Plan.

¶4. Regarding the National Emissions Allocation Plan, Gonzalo said that while the previous Administration had gathered copious information from affected industries, it had taken a "political decision" not to finalize the plan before the March 31 deadline. The new government will build on the existing draft to finalize the product. Gonzalo explained that under the new Administration, Second Vice President and Minister of Economy Solbes is in charge of implementing the Allocation Plan, but the Environment Ministry is responsible for transmitting the plan to the Commission and managing the process of transposing the EU emissions trading directive into national law. For that reason, Gonzalo and the Secretary General for Energy are co-Secretaries of an

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interministerial climate change working group led by the State Secretary for Economy. When asked about the timeline for completing the plan, Gonzalo referred to the October 1 date by which the Commission needs to have approved the plan and the specific allocations to each company must be determined. Since the Commission needs three months to review the plan, the GOS should ideally have it ready by July ¶1. That will be difficult, Gonzalo said, and he speculated that the GOS will be doing well if it finishes the plan sometime in July. The GOS also intends to complete in July the transfer of the EU emissions trading rules into national legislation.

¶5. On the National Climate Change Plan, Gonzalo clarified that while the National Climate Council, whose members represent NGOs, national, regional and local governments, industry associations, unions and scientists, had approved the previous Administration's draft plan in February 2004, the Plan was never formally adopted by the Spanish Ministerial Council. The current Administration will use the existing draft and add elements the Socialist Party, while in opposition, thought were glaringly absent - specifically concrete actions, timetables, sources of financing and clear designation of responsibilities.

¶6. While the previous Administration was clearly concerned that its obligation under the Kyoto Protocol to limit emissions increases to 15% over 1990 levels would be extraordinarily expensive (Price Waterhouse Coopers estimated 19 billion Euros - \$22.6 billion - between 2008-2012) and threaten Spanish competitiveness, the Socialist government has stated repeatedly its commitment to Kyoto. Interestingly, when asked if he thought there was a chance Spain could meet its emissions reduction commitment, Gonzalo limited himself to saying that Spain will do all that is "reasonably possible" to meet its goal. This tracks with the GOS decision to put Solbes at the head of the National Emissions Allocation Plan discussions, indicating that the Socialist government will be attuned to implications for the

Spanish economy. Gonzalo was critical of the previous Administration's "lackluster" efforts to reduce energy consumption, saying that the 5% annual increase in energy demand to support a GDP growth rate of just under 3% was unsustainable. The Zapatero government will act to improve energy efficiency, he said.

Bio Note

17. Gonzalo came across as professional and very willing to engage with us. His proficiency in climate change and energy issues stems from his former position as Subdirector for Climate Change and Environmental Planning for Spanish oil company Repsol YPF. In that position, he interacted with ARPEL, a Latin American energy industry association, and with some American industry groups dealing with the climate change issue. He also previously served as director of the Madrid regional government's environmental agency and as Director General for Environmental Policy in the former Socialist government from 1993-96.

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